

Message Text

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PAGE 01 BONN 01688 01 OF 02 311755Z

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ACTION EB-11

INFO OCT-01 EUR-25 EA-11 ISO-00 CIAE-00 DODE-00 PM-07 H-03

INR-10 L-03 NSAE-00 NSC-10 PA-04 RSC-01 PRS-01 SPC-03

SS-20 USIA-15 SAM-01 COME-00 INT-08 FEA-02 OMB-01

TRSE-00 IO-14 SCI-06 AEC-11 OIC-04 DRC-01 STR-08

CEA-02 CIEP-02 /185 W

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R 311744Z JAN 74

FM AMEMBASSY BONN

TO SECSTATE WASHDC 0091

INFO AMEMBASSY TOKYO

AMEMBASSY OTTAWA

AMEMBASSY OSLO

AMEMBASSY ROME

AMEMBASSY PARIS

AMEMBASSY LONDON

AMEMBASSY THE HAGUE

AMEMBASSY DUBLIN

AMEMBASSY COPENHAGEN

AMEMBASSY BRUSSELS

AMEMBASSY LUXEMBOURG

USMISSION OECD PARIS

USMISSION EC BRUSSELS

C O N F I D E N T I A L SECTION 01 OF 02 BONN 01688

STATE ALSO FOR T/IEP

DEPARTMENT PASS TREASURY

E.O. 11652: GDS

TAGS: EFIN, ENRG, GW

SUBJECT: ENERGY: US VIEWS ON WASHINGTON ENERGY

CONFERENCE: FRG FINANCE MINISTRY THOUGHTS

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PAGE 02 BONN 01688 01 OF 02 311755Z

REF: STATE 19381

1. SUMMARY: PIESKE OF FRG FINANCE MINISTRY QUESTIONS HOW COMMUNIQUE WILL BE FORMULATED AND STRESSES IMPORTANCE OF ALSO STRIVING FOR AGREEMENT IN PRINCIPLE ON SUBSTANTIVE MATTERS. LDC'S AND OIL PRODUCING NATIONS MUST BE BROUGHT INTO CONSULTATIONS ASAP. EXISTING INTERNATIONAL ORGANIZATIONS, AND NOT NEW TASK FORCES, SHOULD BE USED WHEREVER POSSIBLE FOR FOLLOW-UP WORK. WE MUST BE CAUTIOUS IN PUSHING FORWARD WORLD-WIDE SOLUTIONS TOO EARLY BEFORE ALL RAMIFICATIONS WORKED OUT AND TO AVOID "ACCEPTANCE" OF OIL PRODUCING COUNTRIES' POLICIES, YET WE MUST PUSH FORWARD QUICKLY ENOUGH TO PREVENT UNILATERAL ACTIONS BY THE CONSUMER NATIONS. FINAL FINANCE MINISTRY DELEGATION NOT YET DECIDED. END SUMMARY

2. ACTING TREASURY ATTACHE CONVEYED SUBSTANCE OF REFTEL TO PIESKE (DIRECTOR, OFFICE OF INTERNATIONAL MONETARY QUESTIONS) WHO IS COORDINATING FRG FINANCE MINISTRY INPUT INTO ENERGY CONFERENCE. PIESKE POINTED HIS COMMENTS TOWARDS THE INTERNATIONAL MONETARY AND ECONOMIC ASPECTS OF THE ENERGY CONFERENCE.

3. PIESKE WONDERED HOW EXTENSIVE THE COMMUNIQUE (PARA 3 C OF REFTEL) WOULD BE AND WHETHER A DRAFT COMMUNIQUE WOULD BE PREPARED BEFORE THE CONFERENCE CONVENES BY THE US OR BY THOSE ATTENDING THE PREPARATORY MEETING ON FEBRUARY 8. PIESKE STRESSED THAT IN ADDITION TO STATEMENT OF AGREEMENT IN PRINCIPLE TO UNDERTAKE A COMPREHENSIVE COOPERATIVE ACTION PROGRAM AND THE PROCEDURAL AGREEMENTS, IT IS IMPORTANT THAT THE COMMUNIQUE RECORD UNDERSTANDINGS IN PRINCIPLE ON SUBSTANTIVE MATTERS (I.E., AGREEMENT BY THE PARTICIPANTS NOT TO DEVALUE FOR COMPETITIVE PURPOSES, TO CONTINUE TO STRIVE FOR CONTINUED LIBERALIZATION OF WORLD TRADE AND PAYMENTS). AT THE VERY LEAST, PIESKE THOUGHT GENERAL AREAS OF AGREEMENT REACHED AT THE LAST C-20 MEETING IN ROME COULD BE REEMPHASIZED IN THE COMMUNIQUE.

4. PIESKE HOPED THAT ALREADY EXISTING SPECIALIZED
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PAGE 03 BONN 01688 01 OF 02 311755Z

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PAGE 01 BONN 01688 02 OF 02 311756Z

50

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C O N F I D E N T I A L SECTION 02 OF 02 BONN 01688

INTERNATIONAL ORGANIZATIONS (IMF, GATT) WOULD BE USED TO ACCOMPLISH NECESSARY FOLLOW-UP WORK WHENEVER POSSIBLE. IT WOULD BE COUNTERPRODUCTIVE IF TOTALLY NEW TASK FORCES WERE DRAWN UP TO DEAL WITH PROBLEMS, SUCH AS INTERNATIONAL MONETARY AND TRADE POLICY, WHICH WERE ALREADY BEING HANDLED ELSEWHERE.

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PAGE 02 BONN 01688 02 OF 02 311756Z

5. PIESKE AGAIN EXPRESSED HIS DISAPPOINTMENT THAT LDC'S AND THE OIL PRODUCING NATIONS WERE NOT INCLUDED

IN THE ENERGY CONFERENCE AND THOUGHT THAT THESE COUNTRIES MUST BE ACTIVELY BROUGHT INTO THE DISCUSSIONS AND TASK FORCES AS SOON AS POSSIBLE.

6. FRG FINANCE MINISTRY HAS NOT WORKED OUT ANY CONCRETE PROPOSALS YET CONCERNING APPROPRIATE INTERNATIONAL MONETARY OR ECONOMIC POLICIES TO COPE WITH THE ENERGY SITUATION. MINISTRY IS CONVINCED, HOWEVER, THAT TRUE INTERNATIONAL COOPERATION IS ESSENTIAL TO DEAL WITH THE OIL PROBLEM, AND THAT BILATERALISM WILL EVENTUALLY WORK TO THE DETRIMENT OF ALL. PIESKE THOUGHT THAT WE MUST BE CAUTIOUS IN PUSHING FORWARD WORLD-WIDE SOLUTIONS TOO EARLY BEFORE ALL THE IMPLICATIONS OF ANY POLICY DECISION HAVE BEEN THOROUGHLY STAFFED OUT AND TO MAKE SURE THAT THE OIL PRODUCING COUNTRIES DO NOT TAKE OUR SOLUTIONS AS AN "ACCEPTANCE" OF THEIR POLICIES. ON THE OTHER HAND, WE MUST MOVE FORWARD QUICKLY BEFORE CONSUMER COUNTRIES ACT UNILATERALLY. COMPETITIVE DEVALUATIONS AND INCREASED RESTRAINTS ON TRADE AND PAYMENTS IS A VERY REAL DANGER.

7. THE FINAL DELEGATION TO THE ENERGY CONFERENCE FROM THE FRG FINANCE MINISTRY HAS NOT YET BEEN DETERMINED.
HILLENBRAND

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